




TennCare III: How it Affects You

On January 8, 2021, Governor Bill Lee announced that Tennessee's proposed "block grant" application was approved (See [Press Release](#)). This is a summary of what is changing and how that affects Tennesseans who rely on TennCare.

BACKGROUND

-  • **TennCare** is Tennessee's Medicaid program. It provides health care to 1.4 million Tennesseans, including 200,000+ Tennesseans with disabilities (See [TennCare Overview](#)).
-  • **TennCare III** ("TennCare 3") is the name of the new agreement, approved by the federal government, for Tennessee to provide TennCare.
-  • **TennCare III is referred to as a “block grant”** because it was created in response to a state law requiring the program to be **funded “by means of a block grant”**. A typical block grant is a fixed sum of money. As we explain in this document, TennCare III is not a fixed sum of money.



What do I need to know about TennCare III?




Changing	Staying the same	Impact for You
----------	------------------	----------------



Service Changes



<p>TennCare does not have to get federal approval for new services <u>added</u> to the program in the future.</p> <p>See TennCare III Medicaid Section 1115 Demonstration pages 5, 13</p>	<p>TennCare still needs federal approval to make any changes to the services or people already in TennCare (as of 2020).</p> <p>TennCare III keeps covering "mandatory" populations like people with disabilities (now and in the future).</p> <p>Appeals processes will remain in place.</p> <p>See TennCare III Medicaid Section 1115 Demonstration pages 9, 13, 29</p>	<p><u>TennCare cannot make cuts to current enrollees and services without approval by the federal government.</u></p> <p>TennCare can now add new enrollees and services in the future without federal approval.</p> <p>You can still appeal any reductions in your services, now and in the future.</p>
---	---	---



Give your input about future service changes: *TennCare will still have public comment periods. The Council newsletters will keep you updated. [Sign up here.](#)*

Impact to Disability Programs



- TennCare III includes programs for people with disabilities:
- CHOICES for people with physical disabilities and/or who are over 65;
 - Employment and Community First CHOICES for people with intellectual and developmental disabilities; and
 - Katie Beckett for children with disabilities and complex medical needs.

Read more about these programs on [TennCare's LTSS webpage](#).

What do I need to know about TennCare III?

Impact to Disability Programs (continued) ⓘ

- The 1915c waivers for people with intellectual disabilities are not yet part of TennCare III.
- These support approx. 7,000 Tennesseans with intellectual disabilities but are closed to all new enrollment.
- Tennessee is planning to bring those programs into TennCare III. See IDD Program Integration.
- TennCare needs federal approval, and must have a public comment period, before it can do this.

Changing

Staying the same

Impact for You



Rx Drug Coverage



TennCare can put new limits on the list of prescription drugs covered by TennCare.

The federal government said it will monitor this provision more carefully ("increased oversight") than others.

See [TennCare III Medicaid Section 1115 Demonstration page 13](#)

TennCare will continue to offer pharmacy benefits. There will be an exception process for prescriptions that aren't normally covered but your doctor says are needed for you.

TennCare has said that **nothing will change in 2021** while TennCare studies this issue.

People using TennCare may have fewer choices about prescription drugs because TennCare is allowed to change its list of covered drugs.

The new list and the new exception process aren't in place yet.



Give your input about Rx drug coverage: TennCare will have public comment opportunities and go through the public rulemaking process. You can also write TennCare directly: Tenn.Care@tn.gov.

Changing

Staying the same

Impact for You



Budget Cap



The total amount TennCare can spend ("budget neutrality cap") is lower than before.

The new cap is projected to stay above what TennCare spends.

See [TennCare III: Unpacking Tennessee's New Medicaid "Block Grant", Figure 2](#)

TennCare has had a budget neutrality cap since 1994. TennCare spending has remained under that cap.

The federal government will keep covering nearly 65% of TennCare's funding.

See [TennCare III: Unpacking Tennessee's New Medicaid "Block Grant", Figure 2](#)

The new budget cap is above TennCare's current spending.



If TennCare started to spend much more money, it could reach the cap. If TennCare spent more than the cap, it would need to pay for services with 100% state funds.



Key Resources

- [View our webinar explaining these changes](#)
- [TennCare III: Unpacking Tennessee's New Medicaid "Block Grant"](#)
- [Source document \(Centers for Medicare and Medicaid Services\)](#)



What do I need to know about TennCare III?

Changing	Staying the same	Impact for You
<div><div></div><div>Program Growth</div><div></div></div>		
<p>The new budget cap will no longer change with every new person who joins or leaves the program.</p> <p>Now, TennCare's funding only changes when the number of people changes by 1% <i>within</i> each eligibility category (children, pregnant women, individuals with disabilities, and people who are elderly) compared to the number of people in those groups in 2019.</p> <p><i>See TennCare III: Medicaid Section 1115 Demonstration page 4</i></p>	<p>Like before, there is still a way for funding to increase as more people enroll in the program.</p> <p>Also like before, funding can decrease if fewer people enroll in the program.</p> <p><i>See TennCare III: Unpacking Tennessee's New Medicaid "Block Grant", Figure 1</i></p>	<p>The total amount of money TennCare can spend will still go up and down based on how many people are in the program, but it won't change as often as it did before.</p> <p>TennCare still has to provide the same services to the same people. It cannot cut services without federal approval.</p>

Changing	Staying the same	Impact for You
<div><div></div><div>Shared Savings</div><div></div></div>		
<p>TN can get more federal money to spend as it chooses <u>if</u> it keeps spending less than the budget cap. It must also meet quality goals. Those goals still need to be chosen by TennCare and approved by the federal government.</p> <p>The unspent money TennCare could keep is called "shared savings."</p> <p><i>See TennCare III: Medicaid Section 1115 Demonstration pages 6, 59</i></p>	<p>For decades, there has been a difference between what TennCare is <i>allowed</i> to spend and what it <i>actually</i> spends.</p> <p><i>See TennCare III: Unpacking Tennessee's New Medicaid "Block Grant", Figure 2</i></p>	<p>The new funding could help the state spend more on health-related programs. For example, TennCare says it could reduce the waiting list for Employment and Community First CHOICES.</p> <p><i>See Tennessee's application, page 30.</i></p>



Give your input about spending priorities: If TennCare gets this new money, it will go through the annual state budgeting process. The state legislature will make the final decision. You can give your input by [contacting your legislators](#).

Still have questions?

- [Sign up for Live Q&A with The Sycamore Institute \(Feb. 2021\)](#)
- Send questions to us directly: tnddc@tn.gov

